

Calgary's Monthly INFLATION REVIEW

August 2009

September 17, 2009

Inflation in Food More Than Offset by Deflation in Energy

Consumer prices in August continued to decline compared to a year ago

Consumer price indexes in August 2009 declined by 1.8 per cent in Calgary, 1.7 per cent in Alberta, and 0.8 in Canada over a year ago. This was mainly driven by price reductions in shelter and transportation due to the shifting balances in the housing, vehicle purchase and gasoline markets from excess demand last year to oversupply this year.

Calgary's inflation in food was more than offset by deflation in energy products

On a 12-month moving average basis, the all-item inflation in Calgary declined sharply to 0.8 per cent in August 2009, compared to above 4 per cent before summer 2008. If food prices are excluded, Calgary's inflation rate was negative (-0.6 per cent) in August 2009. However, when only energy product prices were excluded, the inflation rate increased over that of 2008 (see chart). The three inflation rates showed that the upward pressure on Calgary's overall inflation is coming from food prices while the

downward pressure is from energy product prices. The lower energy product prices provided some relief to all Calgarians with lower fuel and utility bills. However, higher food prices proved to be a challenge to low income Calgarians who normally spend a greater share of their income on food than the average household. This situation is exacerbated by job losses in this downturn.

Major contributors to Calgary's 12-month moving average inflation

Shelter: In August 2009, inflation was 0.3 per cent in shelter which contributed 0.1 per cent to the overall inflation in Calgary.

Food: The August inflation of 8.9 per cent in food contributed 1.4 per cent to Calgary's overall inflation.

Transportation: The deflation for transportation prices deepened in August, mainly due to the price drops for gasoline and passenger vehicles. Over the past twelve months, Calgarians paid 24.3 per cent less per unit on gasoline, thanks to the lower crude oil prices. The 6.1 per cent deflation in transportation offset the 1.2 per cent overall inflation in Calgary.

Next release: October 16, 2009

Inflation Rates

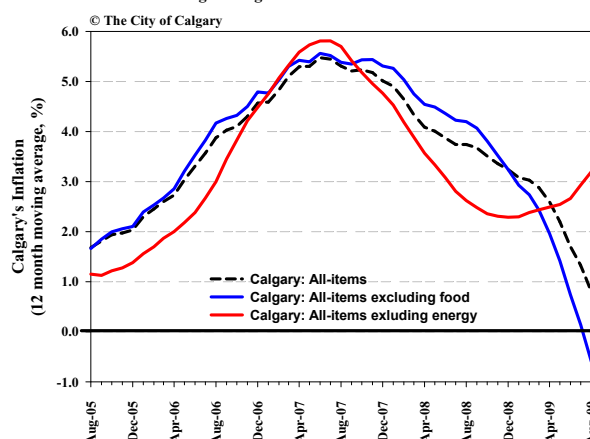
(12-Month-Moving-Average or average inflation rate for the past 12 months)

	Relative Importance (%)*	Aug-09	Jul-09	Aug-08
Calgary: All-items	100.0	0.8	1.3	3.7
Calgary: All-items excluding food & energy	75.2	2.1	1.9	2.9
Food	15.5	8.9	8.1	1.3
Shelter	27.7	0.3	1.7	8.6
<i>owned accommodation</i>	17.9	2.5	3.0	8.1
<i>Water, fuel and electricity</i>	5.6	(11.0)	(5.2)	12.7
Household operations, furnishing & equipment	11.4	3.1	2.5	0.6
Clothing & footwear	5.2	(1.3)	(1.2)	(2.0)
Transportation	19.5	(6.1)	(4.4)	3.1
<i>Gasoline</i>	4.5	(24.3)	(17.3)	17.8
Health & personal care	4.5	4.0	3.5	2.0
Recreation, education & reading	12.9	0.4	0.1	1.3
Alcoholic beverages & tobacco products	3.3	4.5	3.8	4.6
Alberta: All-items	100.0	0.6	1.1	3.9
Alberta: All-items excluding food & energy	75.2	1.5	1.5	3.1
Canada: All-items	100.0	0.9	1.3	2.4
Canada: All-items excluding food & energy	73.6	1.2	1.2	1.4

Source: Statistics Canada, Corporate Economics, September 2009

* 2005 CPI basket weights at April 2007 prices, Alberta and Canada, effective May 2007

Calgary's Inflation by Items
12-Month-Moving Average



Source: Statistics Canada & Corporate Economics, September 2009

August 2009

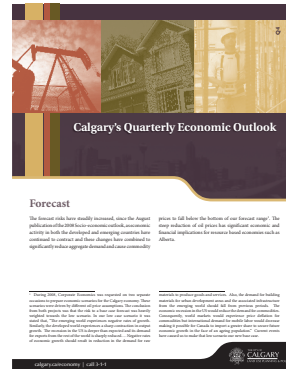
INFLATION REVIEW

Calgary Census Metropolitan Area (CMA)

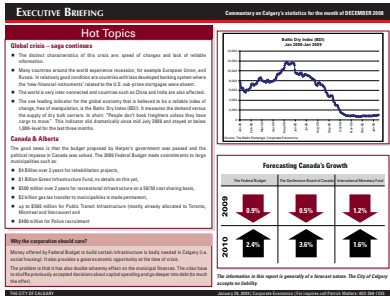
Monthly
Energy Market Update



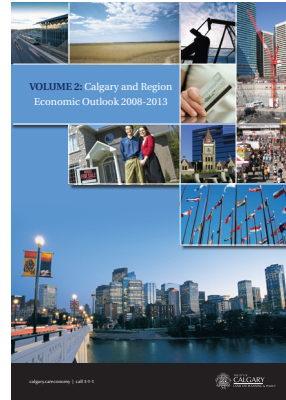
Quarterly
Calgary's Quarterly Economic Outlook



Commentary
Executive Briefing



Annually
Calgary and Region Economic Outlook



Who We Are

Over the past ten years Corporate Economics has researched dozens of economic topics and developed reliable methods of forecasting and analysis. Monitoring economic trends allows us to develop unique insights on how external events are impacting the local economy and the Municipal Corporation. We provide services in four areas: forecasting, information provision, consulting and policy analysis.

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Many of our publications are available on the internet at www.calgary.ca/economy.

DMD: Jeff Brown Source: Statistics Canada

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